

**California Education Code Sections Related to the  
Charter School Revolving Loan Fund  
As Amended by SB 1759, Chapter 586, Statutes of 2000  
Effective January 1, 2001**

41365. (a) The Charter School Revolving Loan Fund is hereby created in the State Treasury. The Charter School Revolving Loan Fund shall be comprised of federal funds obtained by the state for charter schools and any other funds appropriated or transferred to the fund through the annual budget process. Funds appropriated to the Charter School Revolving Loan Fund shall remain available for the purposes of the fund until reappropriated or reverted by the Legislature through the annual Budget Act or any other act.

(b) Loans may be made from moneys in the Charter School Revolving Loan Fund to a chartering authority for charter schools that are not a conversion of an existing school, or directly to a charter school that qualifies to receive funding pursuant to Chapter 6 (commencing with Section 47630) that is not a conversion of an existing school, upon application of a chartering authority or charter school and approval by the Superintendent of Public Instruction. Money loaned to a chartering authority for a charter school, or to a charter school, pursuant to this section shall be used only to meet the purposes of the charter granted pursuant to Section 47605. The loan to a chartering authority for a charter school, or to a charter school, pursuant to this subdivision shall not exceed two hundred fifty thousand dollars (\$250,000) over the lifetime of the charter school. A charter school may receive money obtained from multiple loans made directly to the charter school or to the school's chartering authority from the Charter School Revolving Loan Fund, as long as the total amount received from the fund over the lifetime of the charter school does not exceed two hundred fifty thousand dollars (\$250,000). This subdivision does not apply to a charter school that obtains renewal of a charter pursuant to Section 47607.

(c) The Superintendent of Public Instruction may consider all of the following when making a determination as to the approval of a charter school's loan application:

- (1) Soundness of the financial business plans of the applicant charter school.
- (2) Availability of the charter school of other sources of funding.
- (3) Geographic distribution of loans made from the Charter School Revolving Loan Fund.

(4) The impact that receipt of funds received pursuant to this section will have on the charter school's receipt of other private and public financing.

(5) Plans for creative uses of the funds received pursuant to this section, such as loan guarantees or other types of credit enhancements.

(6) The financial needs of the charter school.

(d) Priority for loans from the Charter School Revolving Loan Fund shall be given to new charter schools for startup costs.

(e) Commencing with the first fiscal year following the fiscal year the charter school receives the loan, the Controller shall deduct from apportionments made to the chartering authority or charter school, as appropriate, an amount equal to the annual repayment of the amount loaned to the chartering authority or charter school for the charter school under this section and pay the same amount into the Charter School Revolving Loan

Fund in the State Treasury. Repayment of the full amount loaned to the chartering authority shall be deducted by the Controller in equal annual amounts over a number of years agreed upon between the loan recipient and the State Department of Education, not to exceed five years for any loan.

(f) (1) Notwithstanding other provisions of law, a loan may be made directly to a charter school pursuant to this section only in the case of a charter school that is incorporated.

(2) Notwithstanding other provisions of law, in the case of default of a loan made directly to a charter school pursuant to this section, the charter school shall be solely liable for repayment of the loan. (Until January 1, 2001, the district shall also be liable.)

41366.5. (a) Moneys in the Charter School Revolving Loan Fund shall be loaned at the interest rate earned by the money in the Pooled Money Investment Account as of the date of disbursement of the funds to the charter school.

(b) A charter school shall pay the interest on any loan from the fund in regular installments withdrawn from the annual apportionment the charter school receives.

(c) All interest payments shall be paid into the Charter School Security Fund established pursuant to Section 41367.

41366.7. The Director of Finance shall monitor the adequacy of the amount of funds in the Charter School Security Fund and report annually to the Legislature on the need, if any, to adjust the interest rate set forth in Section 41366.5 or to revise any other aspect of the default recovery plan.

41367. (a) The Charter School Security Fund is hereby created in the State Treasury.

(b) Moneys in the fund shall be available for deposit into the Charter School Revolving Loan Fund in case of default on any loan made from the Charter School Revolving Loan Fund.